

Supporting Statement for Paperwork Reduction Act Submissions
30 CFR Part 202—Royalties, Subpart C—Federal and Indian Oil, and
Subpart J—Gas Production from Indian Leases; and
Part 206—Product Valuation, Subpart B—Indian Oil, and Subpart E—Indian Gas
Forms MMS-4109, Gas Processing Allowance Summary Report;
MMS-4110, Oil Transportation Allowance Report;
MMS-4295, Gas Transportation Allowance Report;
MMS-4410, Accounting for Comparison [Dual Accounting]; and
MMS-4411, Safety Net Report
OMB Control Number 1010-0103
Current Expiration Date: April 30, 2006

General Instructions

A supporting statement, including the text of the notice to the public required by 5 CFR 1320.5(a)(i)(iv) and its actual or estimated date of publication in the *Federal Register*, must accompany each request for approval of a collection of information. The Supporting Statement must be prepared in the format described below, and must contain the information specified in Section A below. If an item is not applicable, provide a brief explanation. When Item 17 of the OMB Form 83-I is checked “Yes,” Section B of the Supporting Statement must be completed. OMB reserves the right to require the submission of additional information with respect to any request for approval.

Specific Instructions

A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

The Secretary of the U.S. Department of the Interior is responsible for collecting royalties from lessees who produce minerals from leased Federal and Indian lands. The Secretary is required by various laws to manage mineral resources production on Federal and Indian lands, collect the royalties due, and distribute the funds in accordance with those laws. The Secretary also has an Indian trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. The Minerals Management Service (MMS) performs the royalty management functions and assists the Secretary in carrying out the Department’s Indian trust responsibility.

When a company or an individual enters into a lease to explore, develop, produce, and dispose of minerals from Federal or Indian lands, that company or individual agrees to pay the lessor a share (royalty) of the value received from production from the leased lands. The lease creates a business relationship between the lessor and the lessee. The lessee is required to report various kinds of information to the lessor relative to the disposition of the leased minerals. Such information is similar to data reported to private and public mineral interest owners and is

generally available within the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling of such minerals. The information collected includes data necessary to ensure that royalties are accurately valued and appropriately paid or distributed.

Regulations at 30 CFR part 202, subparts C and J, and part 206, subparts B and E, govern the valuation of oil and gas produced from leases on Indian lands. Indian tribes and individual Indian mineral owners receive all royalties generated from their lands. Determining product valuation is essential to ensure that Indian tribes and individual Indian mineral owners receive payment on the full value of the minerals removed from their lands. Tribal representatives have expressed their concern that the Secretary continue to fulfill all trust and fiduciary duties and ensure that the correct royalty is received from Indian lands. Failure to collect the data described in this information collection could result in the undervaluation of leased minerals on Indian lands.

Applicable Citations

Applicable citations of the laws pertaining to mineral leases on Indian lands include 25 U.S.C. 396d (Chapter 12—Lease, Sale, or Surrender of Allotted or Unallotted Lands); 25 U.S.C. 2103 (Indian Mineral Development Act of 1982); and Public Law 97-451—Jan. 12, 1983 (Federal Oil and Gas Royalty Management Act of 1982 [FOGRMA]) (Attachment 1). The CFR citations we are covering in this information collection request (ICR) are 30 CFR part 202, subparts C and J; and part 206, subparts B and E (Attachment 2).

Consolidation of Indian Oil and Gas ICRs

The title of this ICR is “30 CFR Part 202—Royalties, Subpart C—Federal and Indian Oil, and Subpart J—Gas Production From Indian Leases; and Part 206—Product Valuation, Subpart B—Indian Oil, and Subpart E—Indian Gas.” The title reflects the previous consolidation of portions of six ICRs relating to Indian oil and gas leases. The six ICRs were previously titled:

- 1010-0061: 30 CFR Part 206, Subpart B—Indian Oil, § 206.55—Determination of Transportation Allowances (Form MMS-4110, Oil Transportation Allowance Report).
- 1010-0075: 30 CFR Part 206, Subpart E—Indian Gas, § 206.178—How do I determine a transportation allowance? (Form MMS-4295, Gas Transportation Allowance Report), and § 206.180—How do I determine an actual processing allowance? (Form MMS-4109, Gas Processing Allowance Summary Report).
- 1010-0095: 30 CFR 206—Product Valuation, Subpart B—Indian Oil, § 206.54; Subpart C—Federal Oil, § 206.109; Subpart D—Federal Gas, §§ 206.156 and 206.158; and Subpart E—Indian Gas, § 206.177 (Form MMS-4393, Request to Exceed Regulatory Allowance Limitation). Note: ICR 1010-0095 (discontinued May 25, 2005) referenced both Indian and Federal citations. Indian citations now are referenced in 1010-0103, and Federal citations are referenced in 1010-0136 (expires May 31, 2006). Form MMS-4393 continues to be used for both Federal and Indian leases. However, most of the burden

hours are incurred on Federal leases; therefore, the form and all burden hours are approved under OMB Control Number 1010-0136.

- 1010-0103: 30 CFR Part 206, Subpart E—Indian Gas (Form MMS-4411, Safety Net Report).
- 1010-0104: 30 CFR Part 206, Subpart E—Indian Gas, §§ 206.172, 206.173, and 206.176 (Form MMS-4410, Accounting for Comparison [Dual Accounting]).
- 1010-0138: 30 CFR Part 206, Subpart B, Establishing Oil Value on Royalty Due on Indian Leases.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection. [Be specific. If this collection is a form or a questionnaire, every question needs to be justified.]

The MMS is requesting OMB's approval to continue to collect the information described below. Not collecting this information would limit the Secretary's ability to discharge his/her duties and may also result in loss of royalty payments to Indian tribes and individual Indian mineral owners. All data collected is necessary to perform the MMS regulatory functions as discussed in detail below. All data reported is subject to subsequent audit and adjustment.

Indian Oil

Regulations at 30 CFR part 206, subpart B, govern the valuation for royalty purposes of oil produced from Indian oil and gas leases (tribal and allotted) and must be consistent with mineral leasing laws, other applicable laws, and lease terms. Regulations at § 206.52 explain how lessees must determine the value of oil produced from Indian oil and gas leases. Generally, the regulations provide that lessees determine the value of oil based upon: (1) the gross proceeds under an arm's-length contract, (2) a series of benchmarks under a non-arm's-length contract, or (3) major portion analysis. These oil valuation methods are eligible for applicable transportation allowances.

Form MMS-4110, Oil Transportation Allowance Report

Under certain circumstances, the regulations authorize lessees to deduct from royalty payments the reasonable actual costs of transporting the royalty portion of produced minerals from the lease to a sales point not in the immediate lease area. The regulations establish a limit on transportation allowances for oil at 50 percent of the value of the oil at the point of sale. From information collected on Form MMS-4110 (Attachment 3): (1) MMS verifies transportation allowances during the product valuation verification to determine if the lessee reported and paid the proper royalty amount; and (2) MMS and tribal personnel evaluate whether the transportation allowances reported and claimed by lessees are within regulatory allowance limitations. Form MMS-4110 is used for both arm's-length and non-arm's-length contracts.

To receive an oil transportation allowance, lessees must submit Form MMS-4110 before or in the same month that they report the transportation allowance on Form MMS-2014, Report of Sales and Royalty Remittance (OMB Control Number 1010-0140, expiration date October 31, 2006). After the initial reporting period and for succeeding reporting periods, lessees must submit page one of Form MMS-4110 (and Schedule 1) within 3 months after the end of the calendar year, or after the applicable contract or rate terminates or is modified or amended, whichever is earlier, unless MMS approves a longer period. Completed Form MMS-4110 and supporting schedules summarize actual operating, maintenance, and overhead costs, as well as depreciation and undepreciated capital investment costs.

Indian Gas

Regulations at 30 CFR part 206, subpart E, govern the valuation for royalty purposes of natural gas produced from Indian oil and gas leases. The regulations apply to all gas production from Indian oil and gas leases (tribal and allotted), except leases on the Osage Indian Reservation.

Form MMS-4411, Safety Net Report

The safety net calculation establishes the minimum value, for royalty purposes, of natural gas production from Indian oil and gas leases. This reporting requirement ensures that Indian lessors receive all royalties due and aids MMS compliance efforts.

The regulations require lessees to submit Form MMS-4411 (Attachment 4), when gas production from an Indian oil or gas lease is sold beyond the first index pricing point. The lessee submits safety net prices, for the previous calendar year, to MMS annually (by June 30) using this form.

Form MMS-4410, Accounting for Comparison [Dual Accounting]

Most Indian leases contain the requirement to perform accounting for comparison (dual accounting) for gas produced from the lease. Lessees must elect to perform actual dual accounting as defined in 30 CFR 206.176 or alternative dual accounting as defined in 30 CFR 206.173.

According to 30 CFR 206.176, dual accounting is defined as the greater of the following two values:

- (1) The value of gas prior to processing, less any applicable allowances, or
- (2) The combined value of residue gas and gas plant products resulting from processing the gas, less any applicable allowances, plus any drip condensate associated with the processed gas recovered downstream of the point of royalty settlement, without resorting to processing, less applicable allowances.

Lessees use Form MMS-4410 (Attachment 5) to certify that dual accounting is not required on an Indian lease or to make an election for actual or alternative dual accounting for Indian leases.

Form MMS-4410 (Part A), Certification for Not Performing Dual Accounting, requires lessees to identify the MMS-designated areas where the leases are located and provide specific justification for not performing dual accounting. Part A is a one-time notification, until any changes occur in gas disposition. Part A lists the following acceptable reasons for not performing dual accounting: (1) the lease terms do not require dual accounting; (2) none of the gas from the lease is ever processed; (3) gas has a Btu content of 1000 Btu's per cubic foot or less at lease's facility measurement point(s); (4) none of the gas from the lease is processed until after gas flows into a pipeline with an index located in an index zone; and (5) none of the gas from the lease is processed until after gas flows into a mainline pipeline not located in an index zone.

Form MMS-4410 (Part B), Election to Perform Actual Dual Accounting or Alternative Dual Accounting, allows MMS to collect the lessee's elections to perform actual dual accounting or alternative dual accounting. A lessee makes an election by checking either the actual or alternative dual accounting box for each MMS-designated area where its leases are located. Part B also includes the lessee's lease prefixes within each MMS-designated area to assist lessees in making the appropriate election. The election to perform actual or alternative dual accounting applies to all of a lessee's Indian leases in each MMS-designated area. The first election to use the alternative dual accounting is effective from the time of election through the end of the following calendar year. Thereafter, each election to use the alternative dual accounting methodology must remain in effect for 2 calendar years. However, lessees may return to the actual dual accounting methodology only at the beginning of the next election period or with written approval from MMS and the tribal lessors for tribal leases, and from MMS for Indian allotted leases in the MMS-designated area (30 CFR 206.173(a)).

Form MMS-4295, Gas Transportation Allowance Report

Under certain circumstances, the regulations authorize lessees to deduct from royalty payments the reasonable actual costs of transporting the royalty portion of produced minerals from the lease to a processing or sales point not in the immediate lease area. The regulations establish a limit on transportation allowance deductions for gas at 50 percent of the value of the gas at the point of sale. The MMS and tribal personnel use the information collected on Form MMS-4295 (Attachment 6) to evaluate whether the non-arm's-length or no contract transportation allowances reported and claimed by lessees are reasonable, actual costs and are within regulatory allowance limitations. To take a non-arm's-length or no contract transportation deduction, a lessee must submit Form MMS-4295 within 3 months after the end of the 12-month period to which the allowance applies.

Form MMS-4109, Gas Processing Allowance Summary Report

When gas is processed for the recovery of gas plant products, lessees may claim a processing allowance. The regulations establish a limit of $66\frac{2}{3}$ percent of the value of each gas plant product as an allowable gas processing deduction.

The MMS normally accepts the cost as stated in the lessee's arm's-length processing contract as being representative of the cost of the processing allowance. In those instances where gas is being processed through a lessee-owned plant, the lessee must base processing costs on the

actual plant operating and maintenance expenses, depreciation, and a reasonable return on investment. The allowance is expressed as a cost per unit of individual gas plant products. Lessees may take processing allowances as a deduction from royalty payments.

The MMS and tribal personnel use the information collected on Form MMS-4109 (Attachment 7) to evaluate whether the non-arm's-length or no contract processing allowances reported and claimed by lessees are reasonable, actual costs and are within regulatory allowance limitations. To take a non-arm's-length or no contract processing deduction, lessees must submit Form MMS-4109 within 3 months after the end of the 12-month period to which the allowance applies.

Indian Oil and Gas

Form MMS-4393, Request to Exceed Regulatory Allowance Limitation

Form MMS-4393 is used for both Federal and Indian leases. Most of the burden hours are incurred on Federal leases; therefore, the form and all burden hours are approved under ICR 1010-0136. However, we include a discussion of the form in this ICR as well.

Upon proper application from the lessee, MMS may approve an oil or gas transportation allowance in excess of 50 percent (Federal or Indian) or a gas processing allowance in excess of 66⅔ percent (Federal only). To request permission to exceed a regulatory allowance limit, lessees must submit a letter to MMS explaining why a higher allowance limit is necessary and provide supporting documentation, including a completed Form MMS-4393. This form provides MMS with the data necessary to make a decision whether to approve or deny the request and track deductions on royalty reports.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden [and specifically how this collection meets GPEA requirements].

We offer electronic copies of Forms MMS-4109, MMS-4110, MMS-4295, MMS-4410, and MMS-4411 on our Internet website for respondents to print and complete. We have a reasonable expectation that 5 percent may use an e-mail option in the future.

Further information technology enhancements are not applicable for this information collection at this time because we receive very few submissions per year. Most of the information collected applies to exceptions to standard procedures, which are relatively few, infrequent, and non-standard and, therefore, not conducive to electronic submission. It is not cost effective to enhance the current computer system design to process a minimum number of forms.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

No other Federal or state agency collects the same or similar information. The primary information necessary for the evaluation of specific transportation and/or processing proposals is available only within the records of the applicant, and the use of such data is unique to our mission. No other Federal agency collects similar information that can be modified for this collection. The information is not available from any other source.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

Small organizations are among the potential respondents. The MMS has carefully analyzed its requirements to ensure that the information requested is the minimum necessary and places the least possible burden on industry. There are no special reporting provisions or significant economic impacts on small businesses or other small entities. We provide toll-free telephone assistance and schedule annual training free of charge in various geographic areas to assist reporters in complying with valuation and reporting requirements.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

By delegation of the Secretary's trust responsibilities under Indian lease terms, MMS is responsible for ensuring the proper valuation of production from Indian leases. Not collecting the information may result in loss of royalty payments to the Indian lessor due to royalties not being collected properly.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

(a) requiring respondents to report information to the agency more often than quarterly.

Not applicable in this collection.

(b) requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.

Not applicable in this collection.

(c) requiring respondents to submit more than an original and two copies of any document.

Not applicable in this collection.

(d) requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than 3 years.

In accordance with 30 U.S.C. 1713(b), Indian oil and gas records must be maintained for 6 years after the records are generated unless the Secretary notifies the record holder that such records must be maintained for a longer period due to an ongoing audit or investigation.

(e) in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study.

Not applicable in this collection.

(f) requiring the use of statistical data classification that has been reviewed and approved by OMB.

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(v) through (viii) as the collection is not a statistical survey and does not use statistical data classification.

(g) that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.

This collection does not include a pledge of confidentiality not supported by statute or regulation.

(h) requiring respondents to submit proprietary trade secrets or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

This collection does not require proprietary, trade secret, or other confidential information not protected by agency procedures.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice [and in response to the PRA statement associated with the collection over the past 3 years] and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported. [Please list the names, titles, addresses, and phone numbers of persons contacted.] Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years – even if the collection of

information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

As required in 5 CFR 1320.8(d), MMS provided a 60-day notice in the *Federal Register* on June 14, 2005 (70 FR 34494) (Attachment 8). Also, the Paperwork Reduction Act statement on the forms explains that MMS will accept comments at any time on the information collected and the burden. We display the OMB control number on each form and provide the address for sending comments to MMS.

We did not receive any comments solicited by the 60-day notice. We did not receive any unsolicited comments from potential respondents covered under these regulations, or any unsolicited comments from anyone who submits any of the forms discussed in this ICR. However, we did contact the companies listed below and revised our burden hour estimates based on information obtained.

Ms. Jaime Giese (419) 421-2801
Marathon Oil Company
539 S. Main Street
Findley, OH 45840

Ellen LaBauve (713) 752-7170
ChevronTexaco
1111 Bagby
Houston, TX 77002

Thomas J. Murphy (303) 799-9828
Rim Southwest Corporation
5 Inverness Drive East
Englewood, CO 80112

Vicky Neill (713) 296-6754
Apache Corp.
2000 Post Oak Blvd
Houston, TX 77056-4400

Daniel Kong (832) 676-3993
El Paso Production Oil and Gas Company
Nine Greenway Plaza
Houston, TX 77046

Ms. Carol Stahl (303) 260-5150
Tom Brown, Inc.
555 Seventeenth Street, Suite 1850
Denver, CO 80202-3918

Steve Bailey (918) 925-7041
IBM Business Consulting Services
P.O. Box 22048
Tulsa, OK 74121-2048

Ms. Mary Blane (505) 748-4146
Yates Petroleum Corporation
105 Fourth Street
Artesia, NM 88210-2118

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

We will not provide any payment or gift to respondents in this collection.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

Commercial or financial information provided to MMS, relative to minerals removed from Federal and Indian leases, may be proprietary. Trade secrets and proprietary and other information are protected in accordance with standards established by the Federal Oil and Gas

Royalty Management Act of 1982, as amended (30 U.S.C. 1733); the Freedom of Information Act (5 U.S.C. 552(b)(4)) and its implementing regulations (43 CFR 2).

In addition, the Indian Mineral Development Act of 1982 (25 U.S.C. 2103) provides that all information related to any Indian minerals agreement covered by the Act in the possession of the Department shall be held as privileged proprietary information. Storage of proprietary information and access to it are controlled by strict security measures.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

The collection does not include sensitive or private questions.

12. Provide estimates of the hour burden of the collection of information. The statement should:

(a) Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

We expect approximately 123 Indian oil and gas lessees to submit the required information annually and on occasion. We estimate the total annual reporting burden is 1,276 hours. The estimate of burden hours per response is based on contact with respondents, and the estimate of responses is based on our analysis of historical data. The burden estimates include the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

(b) If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.

This ICR uses five forms and also has additional information collection requirements. The forms and burden hour estimates per response are listed below:

Form Number	Estimated Burden Hours per Response
MMS-4109	20
MMS-4110	5
MMS-4295	15
MMS-4410	4
MMS-4411	¹ 3

¹We dramatically decreased our estimate of the burden hours required to fill out Form MMS-4411, based on respondents' comments. Now that they are familiar with the requirements, it takes, on average, only 3 hours to complete the form.

(c) Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.

We estimate the total annual reporting burden is 1,276 hours. Based on a cost factor of \$50 per hour, we estimate the total annual cost to industry is \$63,800 (\$50 x 1,276 hours = \$63,800). There are no additional recordkeeping costs.

We are revising this ICR to include non-standard reporting requirements that were overlooked in the previous renewal, and we have adjusted the burden hours accordingly. We have not included in our estimates certain requirements performed in the normal course of business and considered usual and customary. The following chart shows the estimated burden hours by CFR section and paragraph:

SECTION A.12 BURDEN BREAKDOWN

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
202—ROYALTIES				
Subpart C—Federal and Indian Oil				
202.101	Standards for reporting and paying royalties. Oil volumes are to be reported in barrels of clean oil of 42 standard U.S. gallons (231 cubic inches each) at 60 °F. . . .	Burden covered under OMB Control Number 1010-0140 (expires 10/31/2006). Burden covered under § 210.52.		
Subpart J—Gas Production From Indian Leases				
202.551 (b)	How do I determine the volume of production for which I must pay royalty if my lease is not in an approved Federal unit or communitization agreement (AFA)? (b) You and all other persons paying royalties on the lease must report and pay royalties based on your takes. . . .	Burden covered under OMB Control Number 1010-0140 (expires 10/31/2006). Burden covered under § 210.52.		
202.551	How do I determine the volume of	1	1	1

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
(c)	production for which I must pay royalty if my lease is not in an approved Federal unit or communitization agreement (AFA)? (c) You and all other persons paying royalties on the lease may ask MMS for permission . . .			
202.558 (a) and (b)	What standards do I use to report and pay royalties on gas? (a) You must report gas volumes as follows: . . . (b) You must report residue gas and gas plant product volumes as follows: . . .	Burden covered under OMB Control Number 1010-0140 (expires 10/31/2006). Burden covered under § 210.52.		
206—PRODUCT VALUATION Subpart B—Indian Oil				
206.52 (b)(1)(i) and (iii), (b)(2), and (d)	Valuation standards. (b)(1)(i) . . . The lessee shall have the burden of demonstrating that its contract is arm’s-length. . . . (iii) . . . When MMS determines that the value may be unreasonable, MMS will notify the lessee and give the lessee an opportunity to provide written information justifying the lessee’s value. . . . (b)(2) MMS may require a lessee to certify that its arm’s-length contract provisions include all of the consideration to be paid by the buyer, either directly or indirectly, for the oil. (d) Any Indian lessee will make available, upon request to the authorized MMS or Indian representatives, to the Office of the Inspector General of the Department of the Interior, or other persons authorized to receive such information, arm’s-length sales and volume data for like-quality production sold, purchased, or otherwise obtained by the lessee from the field or area or from nearby fields or areas.	PRODUCE RECORDS The Office of Regulatory Affairs (ORA) determined that the audit process is not covered by the PRA because MMS staff asks non-standard questions to resolve exceptions.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.52 (e)(1)	Valuation standards. (e)(1) Where the value is determined under paragraph (c) of this section, the lessee shall retain all data relevant to the determination of royalty value. . . .	Burden covered under OMB Control Number 1010-0140 (expires 10/31/2006).		
206.52 (e)(2)	Valuation standards. (e)(2) A lessee shall notify MMS if it has determined value under paragraph (c)(4) or (c)(5) of this section. . . . The letter shall identify the valuation method to be used and contain a brief description of the procedure to be followed. . . .	20	1	20
206.52 (g)	Valuation standards. (g) The lessee may request a value determination from MMS. . . . The lessee shall submit all available data relevant to its proposal. . . .	40	1	40
206.54 (b)(2)	Transportation allowances—general. (b)(2) Upon request of a lessee, MMS may approve a transportation allowance deduction in excess of the limitation prescribed by paragraph (b)(1) of this section. . . . An application for exception (using Form MMS-4393, Request to Exceed Regulatory Allowance Limitation) shall contain all relevant and supporting documentation necessary for MMS to make a determination. . . .	Burden covered under OMB Control Number 1010-0136 (expires 05/31/2006).		
206.55 (a)(1)(i)	Determination of transportation allowances. (a) <i>Arm's-length transportation contracts.</i> (1)(i) . . . Before any deduction may be taken, the lessee must submit a completed page one of Form MMS-4110 (and Schedule 1), Oil Transportation Allowance Report . . .	Burden covered under § 206.55(c)(1)(i) and (iii).		
206.55 (a)(2)(i)	Determination of transportation allowances. (a) <i>Arm's-length transportation contracts.</i> (2)(i) . . . Except as provided in this paragraph, no allowance may be taken for the costs of transporting lease production which is not royalty-bearing without MMS approval.	Burden covered under § 206.55(a)(3).		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.55 (a)(2)(ii)	Determination of transportation allowances. (a) <i>Arm's-length transportation contracts.</i> (2)(ii) Notwithstanding the requirements of paragraph (i), the lessee may propose to MMS a cost allocation method on the basis of the values of the products transported. . . .	20	1	20
206.55 (a)(3)	Determination of transportation allowances. (a) <i>Arm's-length transportation contracts.</i> (3) If an arm's-length transportation contract includes both gaseous and liquid products, and the transportation costs attributable to each product cannot be determined from the contract, the lessee shall propose an allocation procedure to MMS. . . . The lessee shall submit all available data to support its proposal. . . .	40	1	40
206.55 (b)(1)	Determination of transportation allowances. (b) <i>Non-arm's-length or no contract.</i> (1) . . . A transportation allowance may be claimed retroactively for a period of not more than 3 months prior to the first day of the month that Form MMS-4110 is filed with MMS, unless MMS approves a longer period upon a showing of good cause by the lessee. . . .	Burden covered under § 206.55(c)(2)(i), and (c)(2)(iii).		
206.55 (b)(1)	Determination of transportation allowances. (b) <i>Non-arm's-length or no contract.</i> (1) . . . When necessary or appropriate, MMS may direct a lessee to modify its actual transportation allowance deduction.	Burden covered under OMB Control Number 1010-0140 (expires 10/31/2006). Burden covered under § 210.52.		
206.55 (b)(2)(iv)	Determination of transportation allowances. (b) <i>Non-arm's-length or no contract.</i> (2)(iv) . . . After a lessee has elected to use either method for a transportation system, the lessee may not later elect to change to the other alternative without approval of MMS.	20	1	20
206.55 (b)(2)(iv) (A)	Determination of transportation allowances. (b) <i>Non-arm's-length or no contract.</i> (2)(iv)(A) . . . After an election is made, the lessee may not change methods without MMS approval. . . .	20	1	20

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.55 (b)(3)(i)	Determination of transportation allowances. (b) <i>Non-arm's-length or no contract.</i> (3)(i) . . . Except as provided in this paragraph, the lessee may not take an allowance for transporting lease production which is not royalty bearing without MMS approval.	40	1	40
206.55 (b)(3)(ii)	Determination of transportation allowances. (b) <i>Non-arm's-length or no contract.</i> (3)(ii) Notwithstanding the requirements of paragraph (i), the lessee may propose to MMS a cost allocation method on the basis of the values of the products transported. . . .	20	1	20
206.55 (b)(4)	Determination of transportation allowances. (b) <i>Non-arm's-length or no contract.</i> (4) Where both gaseous and liquid products are transported through the same transportation system, the lessee shall propose a cost allocation procedure to MMS. . . . The lessee shall submit all available data to support its proposal. . . .	20	1	20
206.55 (b)(5)	Determination of transportation allowances. (b) <i>Non-arm's-length or no contract.</i> (5) A lessee may apply to MMS for an exception from the requirement that it compute actual costs in accordance with paragraphs (b)(1) through (b)(4) of this section. . . .	20	1	20
206.55 (c)(1)(i)	Determination of transportation allowances. (c) <i>Reporting requirements.</i> (1) <i>Arm's-length contracts.</i> (i) With the exception of those transportation allowances specified in paragraphs (c)(1)(v) and (c)(1)(vi) of this section, the lessee shall submit page one of the initial Form MMS-4110 (and Schedule 1), Oil Transportation Allowance Report, prior to, or at the same time as, the transportation allowance determined under an arm's-length contract, is reported on Form MMS-2014, Report of Sales and Royalty Remittance. . . .	4	3	12

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.55 (c)(1)(iii)	Determination of transportation allowances. (c) <i>Reporting requirements.</i> (1) <i>Arm's-length contracts.</i> (iii) After the initial reporting period and for succeeding reporting periods, lessees must submit page one of Form MMS-4110 (and Schedule 1) within 3 months after the end of the calendar year, or after the applicable contract or rate terminates or is modified or amended, whichever is earlier, unless MMS approves a longer period (during which period the lessee shall continue to use the allowance from the previous reporting period).	4	3	12
206.55 (c)(1)(iv)	Determination of transportation allowances. (c) <i>Reporting requirements.</i> (1) <i>Arm's-length contracts.</i> (iv) MMS may require that a lessee submit arm's-length transportation contracts, production agreements, operating agreements, and related documents. Documents shall be submitted within a reasonable time, as determined by MMS.	PRODUCE RECORDS The ORA determined that the audit process is not covered by the PRA because MMS staff asks non-standard questions to resolve exceptions.		
206.55 (c)(2)(i)	Determination of transportation allowances. (c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (i) With the exception of those transportation allowances specified in paragraphs (c)(2)(v), (c)(2)(vii) and (c)(2)(viii) of this section, the lessee shall submit an initial Form MMS-4110 prior to, or at the same time as, the transportation allowance determined under a non-arm's-length contract or no-contract situation is reported on Form MMS-2014. . . . The initial report may be based upon estimated costs.	6	3	18

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.55 (c)(2)(iii)	Determination of transportation allowances. (c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (iii) For calendar-year reporting periods succeeding the initial reporting period, the lessee shall submit a completed Form MMS-4110 containing the actual costs for the previous reporting period. If oil transportation is continuing, the lessee shall include on Form MMS-4110 its estimated costs for the next calendar year. . . . MMS must receive the Form MMS-4110 within 3 months after the end of the previous reporting period, unless MMS approves a longer period (during which period the lessee shall continue to use the allowance from the previous reporting period).	6	3	18
206.55 (c)(2)(iv)	Determination of transportation allowances. (c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (iv) For new transportation facilities or arrangements, the lessee's initial Form MMS-4110 shall include estimates of the allowable oil transportation costs for the applicable period. . . .	Burden covered under § 206.55(c)(2)(i).		
206.55 (c)(2)(v)	Determination of transportation allowances. (c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (v) . . . only those allowances that have been approved by MMS in writing . . .	Burden covered under § 206.55(c)(2)(i).		
206.55 (c)(2)(vi)	Determination of transportation allowances. (c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (vi) Upon request by MMS, the lessee shall submit all data used to prepare its Form MMS-4110. The data shall be provided within a reasonable period of time, as determined by MMS.	PRODUCE RECORDS The ORA determined that the audit process is not covered by the PRA because MMS staff asks non-standard questions to resolve exceptions.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.55 (c)(4) and (e)(2)	Determination of transportation allowances. (c) <i>Reporting requirements.</i> (4) Transportation allowances must be reported as a separate line item on Form MMS-2014, . . . (e) <i>Adjustments.</i> (2) For lessees transporting production from Indian leases, the lessee must submit a corrected Form MMS-2014 to reflect actual costs, . . .	Burden covered under OMB Control Number 1010-0140 (expires 10/31/2006). Burden covered under § 210.52.		
206—PRODUCT VALUATION Subpart E—Indian Gas				
206.172 (b)(1)(ii)	How do I value gas produced from leases in an index zone? (b) <i>Valuing residue gas and gas before processing.</i> (1)(ii) Gas production that you certify on Form MMS-4410, . . . is not processed before it flows into a pipeline with an index but which may be processed later . . .	4	25	100
206.172 (e)(6)(i) and (iii)	How do I value gas produced from leases in an index zone? (e) <i>Determining the minimum value for royalty purposes of gas sold beyond the first index pricing point.</i> (6)(i) You must report the safety net price for each index zone to MMS on Form MMS-4411, Safety Net Report, no later than June 30 following each calendar year; . . . (iii) MMS may order you to amend your safety net price within one year from the date your Form MMS-4411 is due or is filed, whichever is later. . . .	3	20	60
206.172 (e)(6)(ii)	How do I value gas produced from leases in an index zone? (e) <i>Determining the minimum value for royalty purposes of gas sold beyond the first index pricing point.</i> (6)(ii) You must pay and report on Form MMS-2014 additional royalties due no later than June 30 following each calendar year . . .	Burden covered under OMB Control Number 1010-0140 (expires 10/31/2006). Burden covered under § 210.52.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.172 (f)(1)(ii), (f)(2), and (f)(3)	How do I value gas produced from leases in an index zone? (f) <i>Excluding some or all tribal leases from valuation under this section.</i> (1) An Indian tribe may ask MMS to exclude some or all of its leases from valuation under this section. . . . (ii) If an Indian tribe requests exclusion from an index zone for less than all of its leases, MMS will approve the request only if the excluded leases may be segregated into one or more groups based on separate fields within the reservation. (2) An Indian tribe may ask MMS to terminate exclusion of its leases from valuation under this section. . . . (3) The Indian tribe's request to MMS under either paragraph (f)(1) or (2) of this section must be in the form of a tribal resolution. . . .	40	1	40
206.173 (a)(1)	How do I calculate the alternative methodology for dual accounting? (a) <i>Electing a dual accounting method.</i> (1) . . . You may elect to perform the dual accounting calculation according to either § 206.176(a) (called actual dual accounting), or paragraph (b) of this section (called the alternative methodology for dual accounting).	2	35	70
206.173 (a)(2)	How do I calculate the alternative methodology for dual accounting? (a) <i>Electing a dual accounting method.</i> (2) You must make a separate election to use the alternative methodology for dual accounting for your Indian leases in each MMS-designated area. . . .	Burden covered under § 206.173(a)(1).		
206.174 (a)(4)(ii)	How do I value gas production when an index-based method cannot be used? (a) <i>Situations in which an index-based method cannot be used.</i> (4)(ii) If the major portion value is higher, you must submit an amended Form MMS-2014 to MMS by the due date specified in the written notice from MMS of the major portion value. . . .	Burden covered under OMB Control Number 1010-0140 (expires 10/31/2006). Burden covered under § 210.52.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.174 (b)(1)(i) and (iii); (b)(2); (d)(2)	<p>How do I value gas production when an index-based method cannot be used?</p> <p>(b) <i>Arm's-length contracts.</i></p> <p>(1)(i) You have the burden of demonstrating that your contract is arm's-length. . . .</p> <p>(iii) . . . In these circumstances, MMS will notify you and give you an opportunity to provide written information justifying your value. . . .</p> <p>(b)(2) MMS may require you to certify that your arm's-length contract provisions include all of the consideration the buyer pays, either directly or indirectly, for the gas, residue gas, or gas plant product.</p> <p>(d) <i>Supporting data.</i></p> <p>(2) You must make all such data available upon request to the authorized MMS or Indian representatives, to the Office of the Inspector General of the Department, or other authorized persons. . . .</p>	<p>PRODUCE RECORDS</p> <p>The ORA determined that the audit process is not covered by the PRA because MMS staff asks non-standard questions to resolve exceptions.</p>		
206.174 (d)	<p>How do I value gas production when an index-based method cannot be used?</p> <p>(d) <i>Supporting data.</i> If you determine the value of production under paragraph (c) of this section, you must retain all data relevant to determination of royalty value.</p>	Burden covered under OMB Control Number 1010-0140 (expires 10/31/2006).		
206.174 (f)	<p>How do I value gas production when an index-based method cannot be used?</p> <p>(f) <i>Value guidance.</i> You may ask MMS for guidance in determining value. You may propose a valuation method to MMS. Submit all available data related to your proposal and any additional information MMS deems necessary. . . .</p>	40	1	40
206.175 (d)(4)	<p>How do I determine quantities and qualities of production for computing royalties?</p> <p>(d)(4) You may request MMS approval of other methods for determining the quantity of residue gas and gas plant products allocable to each lease. . . .</p>	20	1	20
206.176 (b)	<p>How do I perform accounting for comparison?</p> <p>(b) If you are required to account for comparison, you may elect to use the alternative dual accounting methodology provided for in § 206.173 instead of the provisions in paragraph (a) of this section.</p>	Burden covered under § 206.173(a)(1).		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.176 (c)	How do I perform accounting for comparison? (c) . . . If you do not perform dual accounting, you must certify to MMS that gas flows into such a pipeline before it is processed.	Burden covered under § 206.172(b)(1)(ii).		
TRANSPORTATION ALLOWANCES				
206.177 (c)(2) and (c)(3)	What general requirements regarding transportation allowances apply to me? (c)(2) If you ask MMS, MMS may approve a transportation allowance deduction in excess of the limitation in paragraph (c)(1) of this section. . . . (3) Your application for exception (using Form MMS-4393, Request to Exceed Regulatory Allowance Limitation) must contain all relevant and supporting documentation necessary for MMS to make a determination.	Burden covered under OMB Control Number 1010-0136 (expires 05/31/2006).		
206.178 (a)(1)(i)	How do I determine a transportation allowance? (a) <i>Determining a transportation allowance under an arm's-length contract.</i> (1)(i) . . . You are required to submit to MMS a copy of your arm's-length transportation contract(s) and all subsequent amendments to the contract(s) within 2 months of the date MMS receives your report which claims the allowance on Form MMS-2014.	1	50	50
206.178 (a)(1)(iii)	How do I determine a transportation allowance? (a) <i>Determining a transportation allowance under an arm's-length contract.</i> (1)(iii) If MMS determines that the consideration paid under an arm's-length transportation contract does not reflect the value of the transportation because of misconduct by or between the contracting parties . . . In these circumstances, MMS will notify you and give you an opportunity to provide written information justifying your transportation costs.	PRODUCE RECORDS The ORA determined that the audit process is not covered by the PRA because MMS staff asks non-standard questions to resolve exceptions.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.178 (a)(2)(i) and (ii)	How do I determine a transportation allowance? (a) <i>Determining a transportation allowance under an arm's-length contract.</i> (2)(i) of this section . . . you cannot take an allowance for the costs of transporting lease production that is not royalty bearing without MMS approval, or without lessor approval on tribal leases. (ii) As an alternative to paragraph (a)(2)(i), you may propose to MMS a cost allocation method based on the values of the products transported. . . .	20	1	20
206.178 (a)(3)(i) and (ii)	How do I determine a transportation allowance? (a) <i>Determining a transportation allowance under an arm's-length contract.</i> (3)(i) If your arm's-length transportation contract includes both gaseous and liquid products and the transportation costs attributable to each cannot be determined from the contract, you must propose an allocation procedure to MMS. . . . (ii) You are required to submit all relevant data to support your allocation proposal. . . .	40	1	40
206.178 (b)(1)(ii)	How do I determine a transportation allowance? (b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (1)(ii) . . . You must submit the actual cost information to support the allowance to MMS on Form MMS-4295, Gas Transportation Allowance Report, within 3 months after the end of the 12-month period to which the allowance applies. . . .	15	7	105
206.178 (b)(2)(iv)	How do I determine a transportation allowance? (b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (2)(iv) You may use either depreciation with a return on undepreciated capital investment or a return on depreciable capital investment. . . . you may not later elect to change to the other alternative without MMS approval.	20	1	20

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.178 (b)(2)(iv) (A)	How do I determine a transportation allowance? (b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (2)(iv)(A) . . . Once you make an election, you may not change methods without MMS approval. . . .	20	1	20
206.178 (b)(3)(i)	How do I determine a transportation allowance? (b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (3)(i) . . . Except as provided in this paragraph, you may not take an allowance for transporting a product that is not royalty bearing without MMS approval.	40	1	40
206.178 (b)(3)(ii)	How do I determine a transportation allowance? (b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (3)(ii) As an alternative to the requirements of paragraph (b)(3)(i) of this section, you may propose to MMS a cost allocation method based on the values of the products transported. . . .	20	1	20
206.178 (b)(5)	How do I determine a transportation allowance? (b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (5) If you transport both gaseous and liquid products through the same transportation system, you must propose a cost allocation procedure to MMS. . . . You are required to submit all relevant data to support your proposal. . . .	40	1	40
206.178 (d)(1)	How do I determine a transportation allowance? (d) <i>Reporting your transportation allowance.</i> (1) If MMS requests, you must submit all data used to determine your transportation allowance . . .	PRODUCE RECORDS The ORA determined that the audit process is not covered by the PRA because MMS staff asks non-standard questions to resolve exceptions.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.178 (d)(2), (e), and (f)(1)	How do I determine a transportation allowance? (d) <i>Reporting your transportation allowance.</i> (2) You must report transportation allowances as a separate line item on Form MMS-2014. . . . (e) <i>Adjusting incorrect allowances.</i> If for any month the transportation allowance you are entitled to is less than the amount you took on Form MMS-2014, you are required to report and pay additional royalties due, plus interest computed under 30 CFR 218.54 from the first day of the first month you deducted the improper transportation allowance until the date you pay the royalties due. . . . (f) <i>Determining allowable costs for transportation allowances.</i> . . . (1) <i>Firm demand charges paid to pipelines.</i> . . . You must modify the Form MMS-2014 by the amount received or credited for the affected reporting period.	Burden covered under OMB Control Number 1010-0140 (expires 10/31/2006). Burden covered under § 210.52.		
PROCESSING ALLOWANCES				
206.180 (a)(1)(i)	How do I determine an actual processing allowance? (a) <i>Determining a processing allowance if you have an arm's-length processing contract.</i> (1)(i) . . . You have the burden of demonstrating that your contract is arm's-length. You are required to submit to MMS a copy of your arm's-length contract(s) and all subsequent amendments to the contract(s) within 2 months of the date MMS receives your first report that deducts the allowance on the Form MMS-2014.	1	30	30

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.180 (a)(1)(iii)	How do I determine an actual processing allowance? (a) <i>Determining a processing allowance if you have an arm's-length processing contract.</i> (1)(iii) If MMS determines that the consideration paid under an arm's-length processing contract does not reflect the value of the processing because of misconduct by or between the contracting parties . . . In these circumstances, MMS will notify you and give you an opportunity to provide written information justifying your processing costs.	PRODUCE RECORDS The ORA determined that the audit process is not covered by the PRA because MMS staff asks non-standard questions to resolve exceptions.		
206.180 (a)(3)	How do I determine an actual processing allowance? (a) <i>Determining a processing allowance if you have an arm's-length processing contract.</i> (3) If your arm's-length processing contract includes more than one gas plant product and the processing costs attributable to each product cannot be determined from the contract, you must propose an allocation procedure to MMS. . . . You are required to submit all relevant data to support your proposal. . . .	40	1	40
206.180 (b)(1)(ii)	How do I determine an actual processing allowance? (b) <i>Determining a processing allowance if you have a non-arm's-length contract or no contract.</i> (1)(ii) . . . You must submit the actual cost information to support the allowance to MMS on Form MMS-4109, Gas Processing Allowance Summary Report, within 3 months after the end of the 12-month period for which the allowance applies. . . .	20	5	100
206.180 (b)(2)(iv)	How do I determine an actual processing allowance? (b) <i>Determining a processing allowance if you have a non-arm's-length contract or no contract.</i> (2)(iv) You may use either depreciation with a return on undepreciable capital investment or a return on depreciable capital investment. . . . you may not later elect to change to the other alternative without MMS approval.	20	1	20

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.180 (b)(2)(iv) (A)	How do I determine an actual processing allowance? (b) <i>Determining a processing allowance if you have a non-arm's-length contract or no contract.</i> (2)(iv)(A) . . . Once you make an election, you may not change methods without MMS approval. . . .	20	1	20
206.180 (b)(3)	How do I determine an actual processing allowance? (b) <i>Determining a processing allowance if you have a non-arm's-length contract or no contract.</i> (3) Your processing allowance under this paragraph (b) must be determined based upon a calendar year or other period if you and MMS agree to an alternative.	20	1	20
206.180 (c)(1)	How do I determine an actual processing allowance? (c) <i>Reporting your processing allowance.</i> (1) If MMS requests, you must submit all data used to determine your processing allowance. . . .	PRODUCE RECORDS The ORA determined that the audit process is not covered by the PRA because MMS staff asks non-standard questions to resolve exceptions.		
206.180 (c)(2) and (d)	How do I determine an actual processing allowance? (c) <i>Reporting your processing allowance.</i> (2) You must report gas processing allowances as a separate line item on the Form MMS-2014. . . . (d) <i>Adjusting incorrect processing allowances.</i> If for any month the gas processing allowance you are entitled to is less than the amount you took on Form MMS-2014, you are required to pay additional royalties, plus interest computed under 30 CFR 218.54 from the first day of the first month you deducted a processing allowance until the date you pay the royalties due. . . .	Burden covered under OMB Control Number 1010-0140 (expires 10/31/2006). Burden covered under § 210.52.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
206.181 (c)	How do I establish processing costs for dual accounting purposes when I do not process the gas? (c) A proposed comparable processing fee submitted to either the tribe and MMS (for tribal leases) or MMS (for allotted leases) with your supporting documentation submitted to MMS. If MMS does not take action on your proposal within 120 days, the proposal will be deemed to be denied and subject to appeal to the MMS Director under 30 CFR part 290.	40	1	40
TOTAL BURDEN			210	1,276

13. Provide an estimate of the total annual [non-hour] cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

(a) The cost estimate should be split into two components: (1) a total capital and start-up cost component (annualized over its expected useful life) and (2) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information [including filing fees paid]. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

(b) If cost estimates are expected to vary widely, agencies should present ranges of cost burden and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

(c) Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

We have identified no “non-hour” cost burdens for this collection of information.

14. Provide estimates of annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

The total annualized cost to the Federal Government is approximately \$63,800 based on a per-hour cost of \$50 and 1,276 burden hours. We estimate MMS will require one hour for each burden hour for industry.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

Item 13, OMB Form 83-I

The currently approved OMB inventory is 1,836 annual burden hours. We are decreasing the inventory by 560 hours to 1,276 hours. The total decrease in burden hours is the result of (1) an adjustment decreasing the burden hours by 561, due to more accurate estimates based on actual historical response data and input from industry; and (2) an increase of 1 burden hour, which is a program change due to the inclusion of a previously overlooked non-standard reporting requirement at 30 CFR part 202.551(c).

Item 14, OMB Form 83-I

There is no cost burden to report in Item 14 of the OMB Form 83-I.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

MMS will not publish the data.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

MMS will display the expiration date for OMB approval of the information collection on all forms referenced in this ICR.

18. Explain each exception to the certification statement identified in Item 19, “Certification for Paperwork Reduction Act Submissions,” of OMB Form 83-I.

To the extent that the topics apply to this collection of information, we are not making any exceptions to the “Certification for Paperwork Reduction Act Submissions.”

B. Collection of Information Employing Statistical Methods

This section is not applicable for this collection. We will not employ statistical methods in this information collection.